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Calendar No. 798

101ST CONGRESS *2d Session*	SENATE	REPORT 101-444

MARITIME ADMINISTRATION AUTHORIZATION

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

OF THE

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ON

S. 2760

AUGUST 30, 1990.—Ordered to be printed

Filed under authority of the order of the Senate of August 2 (legislative day, July 10), 1990

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101ST CONGRESS
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REPORT
101-444

MARITIME ADMINISTRATION AUTHORIZATION

AUGUST 30, 1990.—Ordered to be printed

Filed under authority of the order of the Senate of August 2 (legislative day, July 10), 1990

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 2760]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 2760) to authorize appropriations for fiscal year 1991 for the Maritime Administration, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

PURPOSE OF THE LEGISLATION

The purpose of S. 2760 is to authorize fiscal year 1991 appropriations for certain maritime programs of the Maritime Administration (MarAd) within the Department of Transportation (DOT) and make changes in the operations of certain programs within MarAd.

BACKGROUND AND NEEDS

MarAd is responsible for all federally-funded promotional activities designed to maintain and enhance the U.S. maritime industry. The principal activities and programs conducted by MarAd include: operating differential subsidy (ODS); manpower, education and training; operations; national security support capabilities; the Ready Reserve Force (RRF).

In considering the reported bill, the Committee reviewed an fiscal year 1991 budget proposal with accompanying legislative changes, from the administration. The administration's total budget request for MarAd for fiscal year 1991 was $557,887,000, an increase of $175,717,000 over the fiscal year 1990 appropriation of

$382,170,000. The administration's budget request is summarized in the following table:

MARITIME ADMINISTRATION—1991 APPROPRIATION REQUEST

[In thousands of dollars]

	1989	1990	1991	1990–91 change	
				Tech.	Prog.
Oper. diff. subs	223,015	225,870	261,200	35,330	0
Operations and tng:					
Mar. Educ. & Tng.					
USMMA	20,290	21,157	25,205	2,048	2,000
SMS	8,000	8,670	8,872	202	0
Add. Training	1,172	1,568	1,613	45	0
Sub total M.E.&T	29,462	31,395	35,690	2,295	2,000
Nat. Sec. Sup. Ca:					
NDRF	6,464	6,683	6,748	65	0
Emer. Pln. Opns.	1,236	1,103	1,154	51	0
Sub total, NSSC	7,700	7,786	7,902	116	0
Other Oper. Prog:					
Tech. Stud.	1,000	1,000	1,000	0	0
Other	28,088	27,119	27,095	(24)	0
Subtotal, OOPS	29,088	28,119	28,095	(24)	0
Total, O&T	66,250	67,300	71,687	2,387	2,000
Ready Reserve Force:					
Fleet Additions	32,400		49,400	0	49,400
Main. & Opns.	75,351	85,000	171,600	0	86,600
Facilities	3,000	4,000	4,000	0	0
Total, RRF	110,751	89,000	225,000	0	136,000
Total APPROP	400,016	382,170	557,887	37,717	138,000
Ocean Freight Diff	43,776	48,230	45,843	(2,387)	
Total MARAD	443,792	430,400	603,730	35,330	138,000

1990 amounts for Operations and Training include appropriation ($65,050,000) plus transfer ($2,250,000).

1991 amounts for Operating-differential subsidies include $15,650,000 in unfunded contract authority. Costs follow:

[Amounts in dollars]

	Appropriation	Unfunded	Cost
1990	225,870	15,650	241,520
1991	261,200	(15,650)	245,550
Increase	35,330		4,030

Funding levels for MarAd programs in S. 2760 are similar in most respects to the administration request. The primary difference is in the respective funding proposals for the ODS program.

The administration has requested $261,200,000 for this program for FY 1991. S. 2760 provides no fixed sum for ODS, but rather authorizes "any amounts necessary to liquidate obligations under ODS contracts for the FY 1990 portion of the total of current contract authority," which is estimated to be $261,200,000, the amount of the President's request. The ODS program is a binding contractual obligation between ship operators and the government, and thus amounts must be paid regardless of authorized levels.

Legislative History

On June 20, 1990, the Subcommittee on Merchant Marine conducted a hearing to receive testimony on the administration's FY 1991 budget proposal for MarAd and to consider proposed changes to the operations of certain programs within MarAd. On the same day, Senator Breaux, with Senator Lott as a cosponsor, introduced S. 2760. On June 27, 1990, the Committee met in open executive session and, without objection, ordered S. 2760 reported with an amendment in the nature of a substitute that included specific program changes not in the bill as introduced.

Summary of Major Provisions

S. 2760 organizes the budget into five basic functions: ODS; manpower, education, and training; operations; national security support capabilities; and the RRF.

OPERATING-DIFFERENTIAL SUBSIDIES

ODS is a direct payment to U.S.-flag operators to enable them to operate competitively in the foreign trade by offsetting certain cost advantages enjoyed by foreign operators. ODS recipients enter into contracts with MarAd to provide certain services in return for the payments and are required to operate U.S.-flag vessels manned by American crews. ODS contracts are legal obligations of the U.S. Government. Both liner operators and bulk carriers are eligible to receive ODS. Currently 99 ships are receiving support—61 liners and 38 bulk carriers.

In fiscal year 1990, $225,870,000 was requested for the ODS program. The administration has proposed $261,200,000 for fiscal year 1991. The increase of $35,330,000 is comprised of an increase of $15,650,000 for contractual authority estimated for fiscal year 1990 for which appropriations were insufficient and $19,680,000 for the increased level and cost of operations estimated for fiscal year 1991.

S. 2760 provides no fixed sum for the ODS program but authorizes any amounts necessary to liquidate obligations under ODS contracts for the fiscal year 1991 portion of the total of contract authority for the ODS program. ODS payments are contractual obligations between the United States and ship operators, and as such must be paid. Current contract authority for fiscal year 1991 will require an expenditure of approximately $261,200,000, the amount of the administration's request.

MANPOWER, EDUCATION, AND TRAINING

Manpower, education, and training include the functions within MarAd that prepare for a merchant marine capable of meeting the commercial trade and national security requirements of the United States. Within this budget function are the U.S. Merchant Marine Academy, support to the State merchant marine institutions, and other programs which are designed to prepare merchant marine personnel for service.

MarAd operates the U.S. Merchant Marine Academy at Kings Point, NY, where cadets are trained to become licensed merchant marine officers. The Academy offers a four-year undergraduate course of study that leads to a bachelor of science degree and a Coast Guard-issued merchant marine license as a third mate or third assistant engineer. The cadets are enrolled as midshipmen in the Naval Reserve and, if eligible, are commissioned as ensigns. Graduates are generally employed at sea as deck or engineering officers or ashore in maritime-related industries. The Academy currently graduates approximately 200 new officers annually.

Funding authorized in S. 2760 is the same as the administration's request and will permit the continuation of a long-range modernization program for renovation and upgrading of facilities that are over 43 years old and the initiation of a radar simulator replacement.

MarAd also administers Federal payments and student incentive payments (SIP) to six State maritime academies located in California, Maine, Massachusetts, Michigan, New York, and Texas. In 1989, these schools had a total enrollment of approximately 2,200 and graduated 417 students. Graduates are generally employed at sea as deck or engineering officers or ashore in maritime-related industries. In addition, MarAd provides funds for the operation and maintenance of five training ships currently loaned to the State schools for use by their students.

S. 2760 authorizes $35,690,000 for expenses related to these activities, an increase of $4,295,000 over the fiscal year 1990 appropriation and the same amount as the administration's request.

OPERATING PROGRAMS

The operations function provides for the general administration of MarAd, including: accounting, personnel, management, travel, and associated activities. Specific activities under this function include programs: to make U.S. vessel operations more competitive with foreign vessels; to increase productivity in U.S. port and terminal operations; to oversee the U.S. cargo preference program; to administer the ODS program; and to develop water transportation systems such as new ship designs and construction.

S. 2760 authorizes $28,095,000 for these programs for fiscal year 1991, the amount of the administration's request.

NATIONAL SECURITY SUPPORT CAPABILITIES

The National Security Support Capabilities Program includes expenses associated with maintenance of the National Defense Reserve Fleet (NDRF) and emergency planning operations. The NDRF provides an inventory of ships to supplement the active fleet

in time of war or national emergency. NDRF sites also are used as repositories for ships awaiting disposal. The emergency planning operations program develops plans and procedures to ensure continuity and control of maritime operations in time of national emergency. S. 2760 authorizes $7,902,000 to support the national security support programs, the same as the administration's request.

READY RESERVE FLEET

In addition to the NDRF, MarAd maintains the RRF, a subset of ships within the NDRF and an essential component in the Nation's military sealift strategy. The RRF is comprised of U.S.-flag merchant ships in the NDRF in a high state of readiness which can be activated within 5 days, 10 days, and 20 days of notification. These ships must be available to begin loading military cargoes during the early stages of a conflict and provide a surge shipping capability to support the deployment of U.S. Armed Forces during a contingency. MarAd responsibilities under this program include ship acquisition, berthing, and capital improvement costs. In Fiscal Year 1989 MarAd assumed budget and administrative responsibilities for the RRF from the Navy.

S. 2760 authorizes $225,000,000 for this program for fiscal year 1991, an increase of $136,000,000 over last year's request. Of the requested amount, $49,400,000 is for fleet additions, acquisitions, replacements, and upgrading; $4,000,000 is for RRF facilities; and $171,600,000 is for maintenance and operations programs. This is the same amount as the administration's request.

The maintenance and operations request for fiscal year 1991 represents an increase of $86,600,000 over the administration's fiscal year 1990 request. The sizeable increase in this year's request is largely a result of a modernization program for selected ships, and an aggressive hull preservation, painting, and deferred maintenance program. Also, more ships are in need of drydocking in fiscal year 1991 than in Fiscal Year 1990.

CHANGES TO SPECIFIC PROGRAM OPERATIONS

As reported, S. 2760 includes provisions relating to: funding for Maritime Enhancement Institutes; the term of appointment to the U.S. Merchant Marine Academy's Board of Visitors; acquisition and disposition of vessels in the NDRF; foreign student appointments to the U.S. Merchant Marine Academy; training school vessels for the State maritime academies; and repayment of Federal funds by midshipmen at the U.S. Merchant Marine Academy.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 23, 1990.

Hon. ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 2760, a bill to authorize appropriations for fiscal year 1991 for the Maritime Administration, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: S. 2760.

2. Bill title: A bill to authorize appropriations for fiscal year 1991 for the Maritime Administration, and for other purposes.

3. Bill status: As ordered reported by the Senate Committee on Commerce, Science, and Transportation, July 27, 1990.

4. Bill purpose: S. 2760 would authorize fiscal year 1991 appropriations to the Maritime Administration (MARAD) for operations and training ($71.69 million) and Ready Reserve Force (RRF) activities ($225 million). These amounts are identical to the President's request and about $140 million above the agency's fiscal year 1990 appropriations.

Section 1 of the bill would also authorize the appropriation of whatever amounts are necessary to liquidate 1991 obligations under operating differential subsidy contracts. In fiscal year 1990, $224.9 million was appropriated for this purpose. Approximately $261 million is estimated to be needed for 1991.

Section 4 of the bill would amend the Merchant Marine Act of 1936 to permit MARAD to sell vessels in the National Defense Reserve Fleet (NDRF) and use the proceeds to purchase other vessels. Upon enactment of this provision, the agency would be able to sell unneeded vessels as they become obsolete rather than holding them until a trade can be arranged. Proceeds from the sales would be deposited in the Vessel Operations Revolving Fund (VORF), from which they may be spent whenever a suitable vessel becomes available for purchase.

Section 5 would amend Section 4 of Public Law 101–115 (relating to the agency's proposed ship-sharing arrangement for state maritime academies) to permit state academies to retain their current training vessels until they are incapable of being kept in good repair. This section also would prohibit the implementation of any ship-sharing program without Congressional consent.

Section 6 would amend Section 1303 of the 1936 Act (relating to the U.S. Merchant Marine Academy at Kings Point, New York). Under this section, the Secretary of Transportation would be authorized to recover federal expenses incurred to educate certain

Kings Point graduates. Other sections of H.R. 4205 are not expected to have any impact on the federal budget.

5. Estimated cost to the Federal government:

[By fiscal years, in millions of dollars]

	1991	1992	1993	1994	1995
Authorization level	297				
Estimated outlays	201	70	26		

The costs of this bill fall within budget functions 050 and 400.

Basis of estimate: For purposes of this estimate, it is assumed that the full amounts authorized will be appropriated for fiscal year 1991. Authorization levels are those specified in the bill. Outlays have been estimated on the basis of historical spending patterns for these programs. No sums for liquidation of operating differential subsidy obligations have been included as part of the authorization level or estimated outlays in the above table because such spending in the result of previously provided contract authority.

The enactment of Section 4 of the bill would result in future savings for MARAD's NDRF and RRF acquisition programs, but the amount of such savings is difficult to estimate. This section would permit MARAD to sell, rather than trade, obsolete vessels. This would make the disposal of NDRF vessels more cost-effective, by enabling MARAD to take advantage of fluctuations in scrap metal values and to reduce maintenance costs by disposing of vessels more quickly. The effects of this provision on the acquisition program and the federal budget would be realized over time as reductions in the need for cash appropriations to the RRF account. The impact over the next few years is likely to be small; offsetting collections to the VORF are likely to increase beginning in fiscal year 1991, but some or all of the increase would be offset by additional outlays for new vessel purchases.

Section 5 of the bill would prohibit MARAD from requiring state maritime academies to share federally provided training vessels. This provision would prevent the Administration from initiating a planned ship-sharing arrangement, under which the federal government would have avoided the replacement of three of the five training vessels currently in use. CBO estimates that Section 5 would have no significant budget impact over the next five years. Beyond fiscal year 1995, however, the provision could result in additional federal spending of about $75 million to replace the three oldest ships, assuming appropriation of the necessary sums.

It is also possible that this provision would delay the retirement of the three oldest training vessels. Because these vessels would continue to be maintained at MARAD's expense, any extraordinary maintenance and repair costs incurred to postpone retirement would increase federal outlays (assuming appropriation of the necessary sums). CBO does not expect this effect to result in any significant cost over the 1991–1995 period. In subsequent years, however, the costs to maintain the aging ships could increase sharply.

Section 6 would authorize MARAD to proceed against graduates of Kings Point who fail to fulfill service obligations under their appointment agreements. If these graduates have not been called to active duty by the U.S. Navy, MARAD would be permitted to recover all costs incurred by the federal government while they were at the academy—or about $100,000 per student currently. Because so few graduates fail to comply with their agreements, CBO expects the amounts recovered under this section to be small. Moreover, because Section 6 would apply only to cadets who enter after its enactment, no savings would be realized for at least four years.

6. Estimated cost to state and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: On May 8, 1990, CBO prepared a cost estimate for H.R. 4205, a similar bill ordered reported by the House Committee on Merchant Marine and Fisheries on April 18, 1990. The 1991 authorizations are the same in both bills, and the cost estimates differ only with regard to the ship-sharing provisions of Section 5.

9. Estimate prepared by: Deborah Reis.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

Regulatory Impact Statement

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported.

S. 2760 is a reauthorization of existing programs within MarAd and thus will have no significant additional regulatory or economic impact. The legislation, including the provisions relating to the operations of the Maritime Academy, State schools, and the NDRF, will have no effect on the number or types of individuals regulated or otherwise affected. The paperwork requirements imposed by this legislation on businesses, individuals, and the agencies are expected to be minimal.

Section-by-Section Analysis

SECTION 1.—AUTHORIZATION LEVELS

This section authorizes appropriations for programs conducted by MarAd for fiscal year 1991 as follows:

(1) ODS

This section authorizes such sums as may be required to liquidate the fiscal year 1991 portion of the total of current ODS contract authority. The Administration has estimated this to be $261,200,000. The ODS program is necessary to place U.S.-flag ship operators on parity with foreign-flag competitors that have lower costs and greater financial support from their governments.

(2) Manpower, Education, and Training

This section authorizes a total of $35,690,000 for this budget function, allocated among the following three areas.

(A) U.S. Merchant Marine Academy

This section authorizes $25,205,000 for education and training at the U.S. Merchant Marine Academy at Kings Point, NY.

(B) State maritime academies

This section authorizes $8,872,000 in assistance to the State schools as the fiscal year 1991 contribution to the Federal-State maritime education program under the Maritime Education and Training Act of 1980 (46 App. U.S.C. 1295). These funds are available to the schools for the training of merchant marine officers through direct payments to the schools for operation and maintenance of maritime academies or colleges; incentive payments for cadets; and the furnishing of training vessels, including their alteration, maintenance, and repair. The authorized amount also provides for SIPs in the amount of $1,200 per qualified student, per academic year.

(C) Additional training

This section authorizes $1,613,000 for the administration of the State and Federal academies, supplementary training courses for licensed and unlicensed merchant marine personnel, and the development and maintenance of current data on the maritime labor force.

(3) Other Operating Programs

The bill further authorizes in this section $28,095,000 for the costs of administering the programs and policies of MarÂd. Of this amount, $18,201,000 is for general administration, $904,000 is for the development of water transportation systems, including improved ship design and construction, and $8,990,000 is for the use of water transportation systems, including the use of domestic ports and intermodal transportation.

(4) National Security Support Capabilities

The first section also authorizes $7,902,000 for expenses related to national security support capabilities. Of that amount, $6,748,000 is authorized for the NDRF, and $1,154,000 is authorized for emergency planning operations.

(5) RRF

The RRF is authorized at $225,000,000. Of that amount, $49,400,000 is for fleet additions, replacements, acquisitions, and upgrading of vessels for the RRF; $171,600,000 is for maintenance and operations programs in support of the RRF; and $4,000,000 is for Ready Reserve facilities.

SECTION 2.—MARITIME ENHANCEMENT INSTITUTES

This section amends that portion of Public Law 101-115 (the FY 1990 MarAd Authorization Legislation) that established National Maritime Enhancement Institutes. Under current law, the Secretary of Transportation (Secretary) is authorized to make "research grants" on an equal matching basis to the National Maritime Enhancement Institutes to conduct research to enhance competitive-

ness in all aspects of the maritime industry. This section substitutes the word "awards" for "research grants," enabling the Secretary to enter into broader funding agreements (such as cooperative agreements) than are permitted under current law.

SECTION 3.—BOARD OF VISITORS

Under current law, Members of Congress are appointed annually to the Board of Visitors of the U.S. Merchant Marine Academy at Kings Point. This section amends section 1303(h)(1) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1295b(h)(1)), to extend that appointment to a term of two years commencing at the beginning of each Congress.

SECTION 4.—SALE OF OBSOLETE RESERVE VESSELS

This section amends section 510(i) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1160(i)), which authorizes the Secretary to acquire domestically-built and continuously U.S.-flagged vessels for the NDRF in exchange for obsolete NDRF inventory. Under current law, MarAd must acquire by trade or purchase new vessels at the same time that it disposes or "trades out" obsolete vessels. This provision in current law prevents the Secretary from timing acquisition or disposal of vessels to maximize favorable market conditions. This section authorizes the Secretary to sell NDRF vessels and use the funds at a later date to purchase vessels for the NDRF. The section also deletes the requirement that vessels acquired for the NDRF be U.S.-built and continuously U.S.-flagged.

SECTION 5.—STATE MARITIME ACADEMIES

This section deals with the administration's proposal to implement a ship-sharing plan for the State maritime academies, the retirement of State academy training vessels, and implementation of the requirement that State academy graduates pass the Coast Guard licensing exam.

Currently, five training ships are in operation serving five of the six academies, and Federal funds are used to support these five ships. The training ships will be due for replacement or major modernization within the next several years. To prolong the life of existing ships and to reduce operating costs, the administration has proposed using two ships to serve five academies. The Presidents and Superintendents of the State schools oppose ship-sharing on the basis that it would impair maritime education and training with no clear cost advantage to the government. Moreover, under such an arrangement the State academies no longer would meet the International Maritime Organization standards of Training, Certification, and Watchkeeping for licensing.

This section would prohibit implementation of a ship-sharing program by MarAd without the express consent of Congress and would prohibit MarAd from taking a vessel from a State academy to implement any alternative program, including ship-sharing, until or unless the vessel is incapable of being maintained in good repair in accordance with the requirements of section 1304(c)(1)(A) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1295c(c)(1)(A)), as determined by the Secretary. This section prevents the Secretary

from reducing the number of available training ships as means to implement a ship-sharing program.

Public Law 101–115, the fiscal year 1990 MarAd authorization legislation, required MarAd to study alternatives to the current training ship program. The Committee intends that MarAd continue to investigate alternatives to ship-sharing, such as the use of modularized RRF vessels for training purposes.

The section also amends Public law 101–115, the fiscal year 1990 MarAd authorization legislation, to postpone until October 1, 1994, the requirement that State maritime academy graduates pass the Coast Guard licensing examination as a condition of receiving a degree. This amendment to the current law allows the current and next three graduating classes to proceed as they anticipated at the time they matriculated at their respective schools.

SECTION 6.—MERCHANT MARINE ACADEMY REPAYMENT

Under section 1303(e)(1)(B) through (F) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1295b(e)(1)(B)–(F)), midshipmen at the Merchant Marine Academy at Kings Point must agree as a condition of appointment to meet certain licensing, service, and reporting commitments to the United States. This section authorizes the Secretary to request the Attorney General to begin court proceedings to recover the costs of education incurred by the Federal Government from an individual appointed to the U.S. Merchant Marine Academy if the Secretary of Defense is unwilling or unable to order that individual to duty because of the individual's failure to meet the commitments of section 1303(e)(1)(B) through (F). The Secretary's authority to recover costs under this section is discretionary, and the Committee intends the Secretary to give consideration to *bona fide* hardship cases.

SECTION 7.—PANAMANIAN STUDENTS AT THE U.S. MERCHANT MARINE ACADEMY; AMERICAN SAMOA

Section 1303(b)(7) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1295b(b)(7)), annually permits up to six Panamanian nationals to attend the U.S. Merchant Marine Academy at Kings Point. This section amends section 1303(b)(7) to expand the opportunities for Panamanian nationals to attend the Academy by authorizing indefinitely the Secretary, upon approval of the Secretary of State, to appoint on a reimbursable basis any number of Panamanians to the Academy at Kings Point in any one year. This section also authorizes the Secretary to be reimbursed for the costs for these students from the Republic of Panama or other sources. The Committee intends that other sources, private funds, or appropriations (including foreign aid appropriations to Panama) may be used to reimburse the Secretary.

This section also makes a technical amendment to section 1303(b)(1) and (3) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1295b(b)(1) and (3)) to authorize the Delegate from American Samoa to the House of Representatives to make appointments to the U.S. Merchant Marine Academy. Current law provides for the Governor of American Samoa to make Academy appointments until a Delegate is elected to the House of Representatives. This amendment to

current law recognizes that a Delegate from American Samoa has been elected to the House of Representatives and eliminates any ambiguity in the law.

CHANGES IN EXISTING LAW

In Compliance With Paragraph 12 of Rule XXVI of the Standing Rules of the Senate, Changes in Existing Law Made by the Bill, as Reported, Are Shown as Follows (Existing Law Proposed To Be Omitted is Enclosed in Black Brackets, New Material is Printed in Italic, Existing Law in Which No Change is Proposed is Shown in Roman)

ACT OF OCTOBER 13, 1989

Section 4 of that Act

STUDY

SEC. 4. With the funds authorized under this Act, the Secretary of Transportation, after consultation with other agencies in the executive branch and the State, regional, and Federal maritime academies, shall submit to the Congress a study within one year to determine how currently employed training vessels, United States-flag commercial vessels, vessels in the Ready Reserve Force, and other vessels under the control of the United States Government may be used to provide training opportunities for State, regional, and Federal maritime academy students that will produce licensed graduate officers. The study shall include data on the cost effectiveness to the United States Government; the cost impact on the affected State governments; the safety of any vessels involved; the safety of the students; the operational and scheduling impact upon the several entities involved; liability exposure; and the impact on national security sealift. The Secretary shall not implement any ship sharing program until not less than sixty days after the submission of the study to the Congress. *The Secretary shall not take any vessel, currently in service as a State academy training vessel, out of service for the purpose of implementing any alternative program, including ship sharing, until or unless the vessel is incapable of being maintained in good repair as required under section 1304(c)(1)(A) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1295c(c)(1)(A)). The Secretary shall not implement any program requiring that any State academy share its training vessel with another State academy without having first received the express consent of Congress to do so.*

NATIONAL MARITIME ENHANCEMENT INSTITUTES

SEC. 8. (a) through (d) * * *

[(e) The Secretary may make research grants, on an equal matching basis, to an institute from amounts appropriated pursuant to section 1(2)(B). The aggregate amount of such grants shall not exceed $100,000.]

(e) The Secretary may make awards on an equal matching basis to an institute designated under subsection (a) from amounts appropri-

ated. The aggregate annual amount of the Federal share of the awards shall not exceed $100,000.

MERCHANT MARINE ACT, 1936

Section 510 of That Act

Sec. 510. (a) * * *
(b) through (h) * * *
[(i) The Secretary of Transportation is authorized to acquire mariner class vessels constructed under title VII of this Act and Public Law 911, Eighty-first Congress, and other suitable vessels, constructed in the United States, which have never been under foreign documentation, in exchange for obsolete vessels in the National Defense Reserve Fleet. For purposes of this subsection, the traded-in and traded-out vessels shall be valued at the higher of their scrap value in domestic or foreign markets as of the date of the exchange: *Provided*, That in any exchange transactions, the value assigned to the traded-in and traded-out vessels will be determined on the same basis. The value of the traded-out vessels shall be as nearly as possible equal to the value of the traded-in vessel plus the fair value of the cost of towing the traded-out vessel to the place of scrapping. To the extent the value of the traded-out vessel exceeds the value of the traded-in vessel plus the fair value of the cost of towing, the owner of the traded-in vessel shall pay the excess to the Secretary of Transportation in cash at the time of exchange. This excess shall be deposited into the Vessel Operations Revolving Fund and all costs incident to the lay-up of the vessels acquired under this Act may be paid from balances in the Fund. No payments shall be made by the Secretary of Transportation to the owner of any traded-in vessel in connection with any exchange under this subsection. Notwithstanding the provisions of section 9 and 37 of the Shipping Act, 1916, vessels traded out under this subsection may be scrapped in approved foreign markets. The provision of this subsection (i) as it read prior to the 1975 amendment shall govern all transactions made thereunder prior to that amendment.]
(i) The Secretary of Transportation is authorized to acquire suitable documented vessels, as defined in section 2101 of title 46, United States Code, with funds in the Vessel Operations Revolving Fund derived from the sale of obsolete vessels in the National Defense Reserve Fleet. For purposes of this subsection, the acquired and obsolete vessels shall be valued at their scrap value in domestic or foreign markets as of the date of the acquisition for or sale from the National Defense Reserve Fleet; except that, in a transaction subject to this section, the value assigned to those vessels will be determined on the same basis, with consideration given to the fair value of the cost of positioning the traded-out vessel to the place of scrapping. All costs incident to the lay-up of the vessel acquired under this subsection may be paid from balances in the Fund. Notwithstanding the provisions of section 9 and 37 of the Shipping Act, 1916, vessels sold from the National Defense Reserve Fleet under this subsection may be scrapped in approved foreign markets.
(j) * * *

Section 1303 of that Act

Sec. 1303. (a) * * *

(b)(1) Each Senator and Member of the House of Representatives, the Panama Canal Commission, the Governor of the Northern Mariana Islands, and the [Governor of American Samoa (until a delegate to the House of Representatives from American Samoa takes office)] *Delegate from American Samoa* may nominate for appointment as a cadet at the Academy [any individual who is] *any individual who is—*

(A) a citizen of the United States or a national of the United States; and

(B) a resident of the State represented by such Senator if the individual is nominated by a Senator, a resident of the State in which the congressional district represented by such Member of the House of Representatives is located if the individual is nominated by a Member of the House of Representatives (or a resident of Guam, the Virgin Islands, the District of Columbia, the Commonwealth of Puerto Rico, or American Samoa if the individual is nominated by a Member of the House of Representatives representing such area), a resident of the area or installation described in paragraph (3)(A)(ii), or a son or daughter of the personnel described in such paragraph, if the individual is nominated by the Panama Canal Commission, *or* a resident of the Northern Mariana Islands if the individual is nominated by the Governor of the Northern Mariana Islands[, or a resident of American Samoa if the individual is nominated by the Governor of American Samoa].

(2) * * *

(3)(A) Qualified individuals nominated pursuant to paragraph (1) shall be selected each year for appointment as cadets at the Academy to fill positions allocated as follows:

(i) through (v) * * *

(vi) One position shall be allocated each year for an individual who is a resident of American Samoa and is nominated by the [Governor of American Samoa (until a delegate to the House of Representatives from American Samoa takes office)] *Delegate to the House of Representatives from American Samoa.*

(vii) through (viii) * * *

(B) through (G) * * *

(4) through (6) * * *

(7)(A) The Secretary may [annually] permit, [until September 30, 1995,] upon approval of the Secretary of State, [up to six] additional individuals from the Republic of Panama to receive instruction at the Academy, in addition to those individuals appointed under paragraphs (3), (4), (5), and (6) of this subsection.

(B) [The Secretary shall insure that the Republic of Panama reimburse the Secretary] *The Secretary shall be reimbursed* for the cost of that instruction (including the same allowances as received by cadets at the Academy appointed from the United States) as determined by the Secretary.

(C) An individual receiving instructions at the Academy under this paragraph shall be subject to the same rules and regulations governing admission, attendance, discipline, resignation, discharge,

dismissal, and graduation as cadets at the Academy appointed from the United States.

(8) * * *

(c) through (d) * * *

(e)(1) * * *

(2) * * *

(3)*(A)* If the Secretary determines that any individual has failed to fulfill any part of the agreement (required by paragraph (1)) described in subparagraphs (B), (C), (D), (E), or (F) of of paragraph (1), such individual may be ordered to active duty to serve a period of time not less than 3 years and not more than the unexpired portion (as determined by the Secretary) of the service required by subparagraph (E) of such paragraph. The Secretary, in consultation with the Secretary of Defense, shall determine in which service the individual shall be ordered to active duty to serve such period of time. In case of hardship as determined by the Secretary, the Secretary may waive this paragraph.

(B) If the Secretary of Defense is unable or unwilling to order an individual to active duty under subparagraph (A), the Secretary of Transportation—

(i) may recover from the individual the cost of education provided by the Federal Government; and

(ii) shall request the Attorney General to begin court proceedings to recover the costs of education if the Secretary decides to seek recovery under clause (i).

(4) * * *

(f) through (g) * * *

[(h) (1) A Board of Visitors to the Academy shall be established to visit the Academy annually on a date determined by the Secretary and to make recommendations on the operation of the Academy.]

(h)(1) A Board of Visitors to the Academy shall be established, for a term of two years commencing at the beginning of each Congress, to visit the Academy annually on a date determined by the Secretary and to make recommendations on the operation of the Academy.

(i) * * *

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